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Report Highlights:

**US Pavilion At Exphotel, 2001, A Great Success*Mexico In Need of Coffee Aid
Programs*Estimate for GDP Growth Lowered*Seed Worry**

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Mexico [MX1], MX

Welcome to Hot Bites from Mexico, a weekly review of issues of interest to the US agricultural community. The topics covered in this report reflect developments in Mexico that have been garnered during travel around the country, reported in the media, or offered by host country officials and agricultural analysts. Readers should understand that press articles are included in this report to provide insights into the Mexican "mood" facing US agricultural exporters. Significant issues will be expanded upon in subsequent reports from this office.

DISCLAIMER: Any press summary contained herein does NOT reflect USDA's, the US Embassy's, or any other US Government agency's point of view or official policy.

US PAVILION AT EXPHOTEL 2001, A GREAT SUCCESS!!!

For the fourth consecutive year, the Agricultural Trade Office enjoyed an overwhelming success with its US Pavilion at EXPHOTEL 2001, the largest trade event in the Caribbean zone targeting the hotel, restaurant and institutional food markets. EXPHOTEL 2001 took place from June 13-15, in Cancun. Over 35 US firms participated in the US Pavilion. Products showcased during the exposition included red meats, poultry products, ice cream, dairy products, soybean oil, bakery products, flavored drinks, fruit juices, wood products, wines, rice, pasta, frozen biscuits, salsas, salad dressings, and jellies among others.

According to exhibitor evaluation forms, most of the US companies met or exceeded their show expectations, and expressed strong interest in returning again next year. Based on preliminary figures, US exhibitors are estimating that their exports to Mexico could increase by approximately US\$1.6 million dollars over the next 12 months as a result of participating in this Show.

In addition to the excellent sales results, another show highlight was the seminar series sponsored by the Foreign Agricultural Service. Seminars on USDA Export Credit programs, US Wines and Food Safety were well-received by show organizers and participants. Source: FAS/Mexico/ATO

MEXICO IN NEED OF COFFEE AID PROGRAMS

According to a local newspaper, Mexican coffee growers, hurting from a prolonged coffee price crisis, have already begun to ask coffee authorities to consider aid programs for next year's harvest. In the 2000 to 2001 harvest season, which runs from October through September, Mexico will supply growers with close to US\$60 million dollars in aid. About half the aid came in the form of an emergency bailout fund, launched in late January to help growers on the verge of bankruptcy to harvest their crops. The other half came from a government rural alliance program. The coffee crisis hit the nation's approximately 186,000 growers hard this year, forcing many to leave entire fields of the aromatic beans unharvested because they could not afford to pay pickers. (Source: *The News*, 06/20/01)

ESTIMATE FOR GDP GROWTH LOWERED

On Tuesday, June 19, 2001, Finance Secretary Francisco Gil Diaz lowered his estimate for the nation's 2001 gross domestic product (GDP) growth to 2 to 2.5 percent from his previous estimate of 2.5 to 3.0 percent. The government originally had a GDP growth target of 4.5 percent for 2001. On the back of much slower-than-expected US economic activity, however, GDP grew only 1.9 percent year-over-year in the first quarter, sharply slower than the 5.1 percent recorded in the fourth quarter of 2000, and the 6.9 percent of full-year 2000. The US economy also will "possibly" grow only 2 to 2.5 percent on average in 2001, a rate that really means the US economy is stagnant or shrinking slightly, Gil Diaz said in prepared remarks at a conference on cash and treasury management. In 2000, US GDP growth was 4.9 percent or 5 percent, he noted. In Mexico, something similar is happening. Diaz said, "Growth of almost 7 percent last year and 2 percent or 2.5 percent this year means the Mexican economy will be practically stagnant or possibly falling, even though it will show growth." (Source: *El Financiero*, *The News*, 6/20/01)

SEED WORRY

On Tuesday, June 19, 2001, shares of Savia plunged nearly 14 percent in early afternoon trade on rekindled worries over the company's financial health. Local shares of Savia were down from 7.40 pesos to 1.10 pesos, while its America depositary receipts (ADRs) sank 12.5 percent, to U.S.\$3.15. "Savia is being punished for its persistent financial problems. It is not enough that they have sold their insurance unit," said a local trader. Savia, which controls Semini, the world's largest seed processor, sold its stake in Seguros Comercial America in early June to ING Group for US\$791 million. (Source: *El Financiero*, *The News*, 6/20/01)

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